

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 507 - SB 1089

February 11, 2023

SUMMARY OF BILL: Creates the Infrastructure and Building Fund (Fund) as a reserve account in the General Fund. Beginning November 1, 2023, and annually thereafter, the Commissioner of Finance and Administration (F&A) is to report the tax revenue over-collection from the previous fiscal year. Requires that on July 1, 2024, and on each July 1 thereafter, 10 percent of the tax revenue over-collections reported the previous November 1 by F&A be allocated to the Fund.

Establishes that funds from the Infrastructure and Building Fund may be used only for: (1) county road and bridge construction and maintenance; (2) state road and bridge construction and maintenance; (3) capital improvement projects; or (4) infrastructure projects. States the intent of the General Assembly that monies in the Fund only be appropriated to fund uses with an estimated cost of \$5,000,000 or more.

FISCAL IMPACT:

Other Fiscal Impact – To the extent tax revenue over-collections are determined for a prior fiscal year, there will be a shift of funds available for one-time appropriations to the Infrastructure and Building Fund to be used for dedicated purposes. The extent and timing of any shift cannot be quantified.

Assumptions:

- The F&A can determine over-collections and make the required reports within existing resources.
- The FY23-24 Budget Overview prepared by F&A reports the total Department of Revenue taxes over estimate for FY21-22 closing as \$1.5 billion. It is not possible to estimate with any certainty what tax revenue over-collections will occur in future years.
- In addition, any future expenditures made out of the Fund cannot be reasonably estimated. However, the proposed legislation establishes the intent that monies in the Fund are only appropriated to fund specified uses with an estimated cost of \$5,000,000 or more.
- The proposed legislation will not result in a change in state revenue collections, but will reduce end-of-year balances for future one-time appropriations to the extent that over-collections are determined for the prior fiscal year. It will also dedicate funding for established purposes in this legislation.

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CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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